



KEDB

Kaua'i Economic Development Board

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Public Utilities Commission
Of the State of Hawaii
465 South King Street Room 103
Honolulu, HI 96813

**RE: Paradise Mergersub, Inc., GTE Corporation, Verizon Hawaii, Inc., Bell
Atlantic Communications, Inc., and Verizon Select Services, Inc.
Docket No. 04-0140**

Chair Caliboso and Commissioners Kimura and Kawelo:

The Kauai Economic Development Board, a private, non profit economic development organization representing more than 50 member businesses on Kaua'i, supports the proposed acquisition of Verizon Hawaii by the Carlyle Group.

We have concluded that the proposed transaction will result in positive economic impacts for Hawaii and Kaua'i. We understand that the Carlyle Group will base operations in Hawaii thereby repatriating jobs lost when Verizon consolidated its operations and moved certain functions to the mainland. We also believe that a locally-based management team would be more sensitive and better able to address the needs of local customers. This will allow them to focus on products and services designed for a Hawaii market, contributing to a stronger and more competitive company. They are proposing significant capital infrastructure improvements which will be needed to operate as an independent, stand-alone company in the State of Hawaii. We hope that these improvements will make the existing system even stronger since we firmly believe that a strong and reliable telecommunications backbone system is vital to all of Hawaii, but especially the neighbor islands with its many rural and remote communities.

While this is a significantly larger transaction, we see many parallels to Kauai Island Utility Cooperative's successful acquisition and profitable continuing operation of Kauai Electric, which we endorsed. We believe that this transaction has the same potential for success, thereby benefiting the people of Hawaii.

Thank you for this opportunity to express our support.

Sincerely yours,

Michael Loo
Chairman

Matilda A. Yoshiooka
President & CEO